



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

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Sacramento
California 95814

BILL LEONARD
Member, BOE
Second District

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Executive Director

FOR IMMEDIATE RELEASE

NR# 66-L
Date: November 28, 2006
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LEONARD ANNOUNCES 4th QUARTER 2005 TAXABLE SALES

Bill Leonard, Member of the State Board of Equalization (BOE), announced that California's taxable sales rose in the fourth quarter of 2005, totaling \$143.6 billion and coming in \$8.9 billion (6.6 percent) over the fourth quarter of 2004.

All retail stores did a combined \$101.1 billion in taxable sales, a 6.2 percent increase over the same period of 2004. Sales at apparel stores rose 9 percent to \$5.7 billion.

The largest nondurable retail category, general merchandise store sales, increased 5.4 percent in the fourth quarter, posting a total of \$17.9 billion. Sales made from specialty stores, such as office supply stores, rose 7.3 percent to \$15.3 billion. (*Editorial note: see charts on second page.*)

Transactions subject to the state's sales tax have risen for the past 14 quarters, averaging 6.1 percent higher than each previous year's respective quarter. Taxable sales growth has continued to outpace personal income over the same period of time, increasing 1.6 percent faster in the fourth quarter of 2005. (See charts.)

New car dealers saw a dip in sales, totaling \$13.9 billion but down 6.1 percent from the same period in 2004. New vehicle registrations in the state declined 3.2 percent during the same time. This decline followed a national pattern, as U.S. purchases of new motor vehicles and parts by consumers declined 5.8 percent in the final months of 2005.

Service station sales soared 15.6 percent above the prior year's receipts, faster than any other category. Taxable sales made by service stations yielded \$10 billion. The average price of gasoline during the fourth quarter was \$2.411 per gallon, a 13.7 percent jump from the previous year. With the higher prices, gasoline consumption decreased 0.1 percent, as Californians consumed 4 billion gallons in the fourth quarter of 2005.

Sales made by building materials dealers rose 13 percent, the second fastest rising category, and totaling \$9.3 billion. Construction contractors also saw double digit growth, with total sales of \$6.3 billion, or 16 percent over the same period of 2004. Much of the increase in sales was caused by rising prices of building materials. Average prices for building materials as measured by the U.S. implicit price deflator increased 8.8 percent in the fourth quarter of 2005.

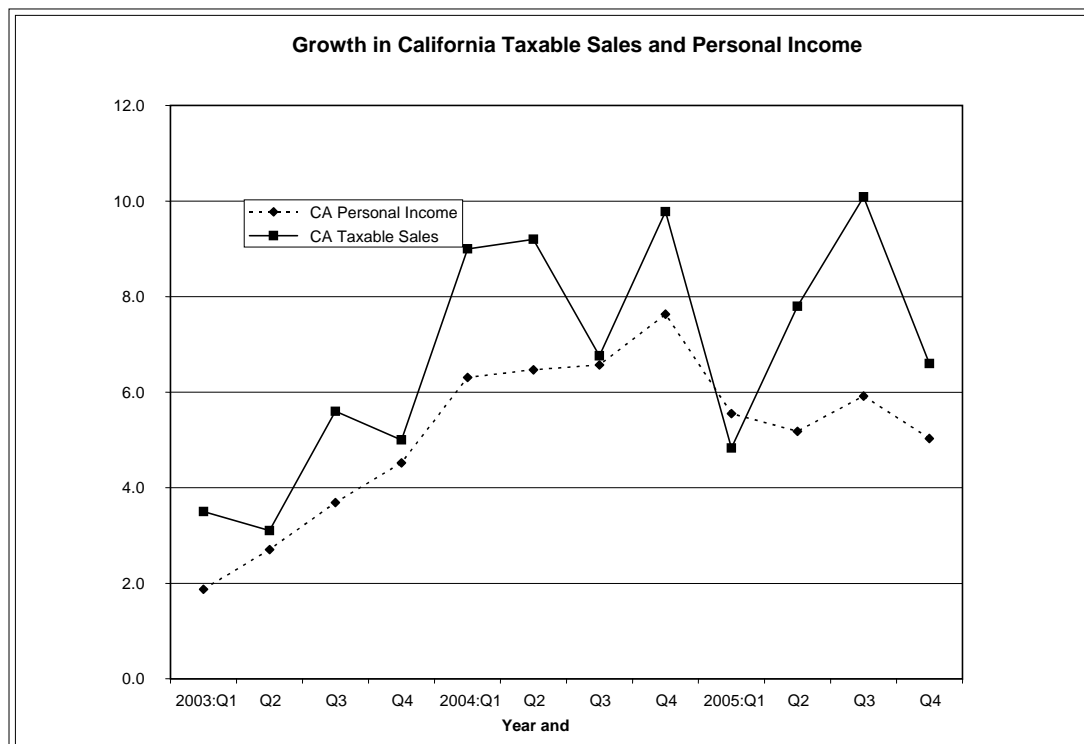
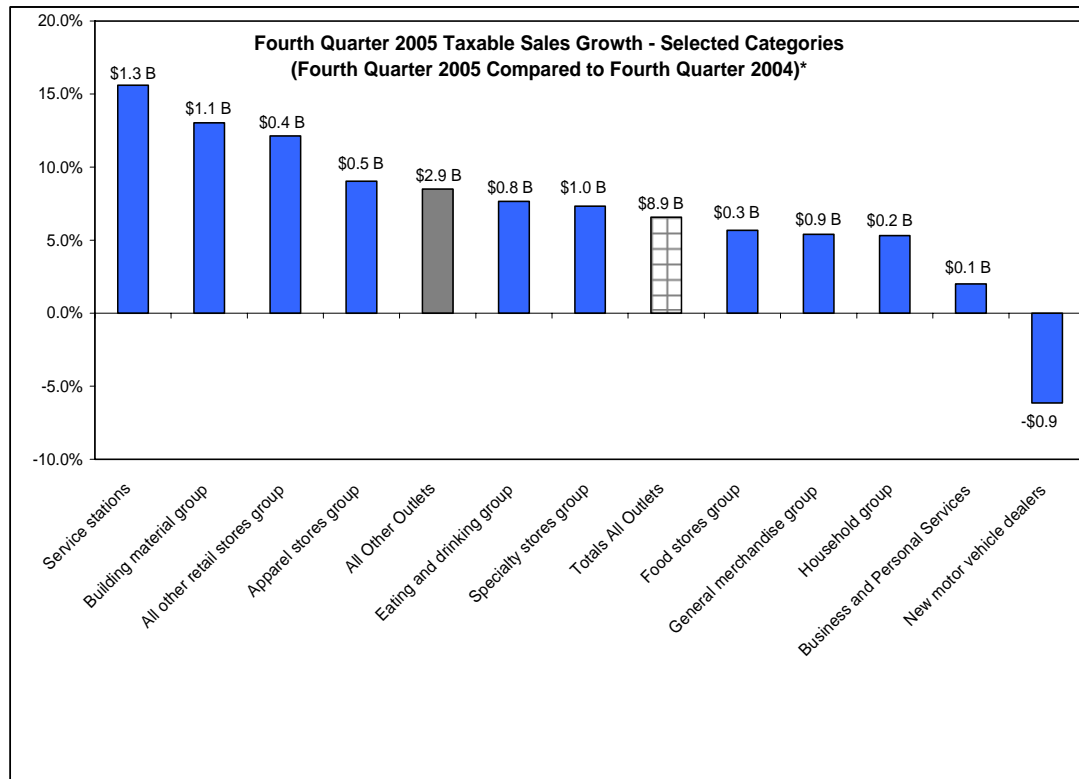
After accounting for inflation, taxable sales increased by 4.4 percent over the same quarter of 2004. The California Taxable Sales Deflator measured an inflation rate of 2.1 percent for the fourth quarter of 2005, well below an inflation rate of 4.1 percent over the same time period, as measured by the California CPI.

Bill Leonard, of Sacramento/Ontario, was elected to his first term as Second District Member of the State Board of Equalization in 2002. Prior to his election, he served in the State Assembly (1978-1988, 1996-2002) and in the State Senate (1988-1996).

The five-member Board of Equalization is a publicly elected tax board. The Board collects almost \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

Other Board Members include Betty T. Yee of San Francisco, Acting Member, First District; Claude Parrish of Long Beach, Third District; Chairman John Chiang of Los Angeles, Fourth District; and State Controller Steve Westly.

View Fourth Quarter 2005 Statewide Taxable Sales by [Type of Business](#), Taxable Sales by [County](#), or Taxable Sales by [City](#)



* This chart highlights specific categories, but is not all inclusive. Please see links above for other figures.